

(800) 473-6757

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**MOSTARS**  
Information  
Center

to speak with trained  
staff members about  
any story in this  
newsletter  
as well as to obtain  
free information about  
state and federal  
student financial  
assistance programs.

(573) 751-3940

**December 2000**



**Missouri Student Assistance Resource Services**

**MOSTARS is a division of the Missouri Department of Higher Education.**

## **2001-02 State Student Financial Assistance Program Application Processing Schedule**

**T**he Coordinating Board for Higher Education has approved next year's state operating budget request and submitted it to the governor's office. As a result, MOSTARS is moving forward with the 2001-02 application process for all state student financial assistance programs. As a reminder, the application deadline for all state programs, with the exception of the "Bright Flight" Scholarship Program, is April 1, 2001. This means a student's original Free Application for Federal Student Aid must be received by the Central Processing System by April 2, 2001. (April 1 falls on a weekend.)

In January, MOSTARS will initiate the 2001-02 application process for the two major need-based state student financial assistance programs: the Charles Gallagher Student Financial Assistance Program and the Missouri College Guarantee Program. This process includes providing output in the form of electronic files and rosters that indicate the student's eligibility status and estimated program awards. Like last year, the electronic files will be provided every two weeks, and rosters will be

Rhonda Elliott  
(573) 526-5716  
User ID: rhonda.elliott

**State Student  
Assistance  
Program News**

sent to institutions monthly. The application process will continue until the Gallagher program annual need cutoff is determined. At that time, final estimated awards will be determined for both programs.

One significant change beginning with the 2001-02 application process for these two need-based programs is that MOSTARS will no longer be using the annual budget questionnaire that was used to collect budget and cost data from all participating Missouri postsecondary institutions. MOSTARS will collect all necessary budget data by accessing each institution's cost pages through the Integrated Postsecondary Education Data System web pages. All postsecondary institutions eligible to participate in the Federal Title IV student aid programs are required to report the current year's costs through IPEDS. MOSTARS will begin a new process through which the current year's tuition

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This portion of the **MOSTARS** newsletter includes questions and answers about topics that MOSTARS clients bring to our attention.

Beth Ziehmer  
(573) 751-1774  
USER ID: beth.ziehmer

If you happen to see one of your questions published, give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in a future issue of **MOSTARS**.

## Fall Workshop Q&A

The following questions were asked by clients at the 2000 Fall Workshops.

### Web Initiatives

#### **When will the Missouri Student Loan Program eliminate the distribution of the paper Common Manual?**

The MSLP will coordinate the elimination of the paper Common Manual with other guaranty agencies. Clients who no longer want to receive paper Common Manuals should contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

### Advanced e\*CLIPS

#### **Can you print specific pages of e\*CLIPS reports?**

Yes. You can print specific pages by indicating the page(s) you want in the print window that appears after clicking on the printer icon.

#### **How do you print a report for a specific lender code only?**

There are two ways to print reports for a specific lender:

1. Specify one lender code in the institution filters window, which is accessed from the reports window. (You also can specify more than one lender code by highlighting one code, holding down the control key, and selecting another code.)
2. When requesting the report, sort by institution. Find the appropriate institution in the report tree on the left and double click on that institution. The appropriate pages will appear in the right-hand frame so you can print only those pages you need.

#### **Can you set up e\*CLIPS reports with your own default preferences? For example, can you set up the defaults so each report defaults to sort by institution first, then by loan type?**

No. The e\*CLIPS default settings are different for each report. There is a higher order default sort by guarantor that can be removed, if desired. You will need to specify your preferences each time you request a report.

#### **Can you determine which applications have been rejected by requesting a Notice of Loan Guarantee and Disclosure Statement from e\*CLIPS?**

No. NOGs are generated only for loans that are guaranteed. To research rejected loans, you may request a rejected loans report or queue your rejected records from the "Maintain Applications" search window.

#### **Are corrections made to the Electronic Data Exchange reflected on the e\*CLIPS EDE report?**

No. Only the initial demographic data submitted by the student is reflected on the EDE report. Subsequent changes are not reflected.

#### **If a loan amount is increased or decreased, will the guaranteed report reflect the new information? Will cancelled loans still be reflected on the report?**

The guaranteed report only reflects loans as they were originally submitted for guarantee through e\*CLIPS; therefore, loan amounts will be reflected as the original amount submitted for guarantee, and cancelled loans will still show on the report.

#### **How long does it take for an override to become effective on the system? For example, if a defaulted borrower's eligibility for Title IV financial aid is reinstated, and the postsecondary institution faxes the reinstatement letter to Guarantec; when can the loan be resubmitted for guarantee?**

Overrides are effective the same day that Guarantec enters the override. If a loan still rejects after 24 hours, follow up with Guarantec new loan staff at (800) 824-4893 or the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

#### **When using e\*CLIPS to submit loans to other guaranty agencies, can you maintain those loans? What if the loans are in a pending status with the other guaranty agency?**

Loans in a pending status with other guaranty agencies cannot be maintained. You should contact that guaranty agency for further information. If there is a problem with the loan, you need to delete that record and resubmit it. Also, you cannot maintain any loan in a guaranteed status. You must do a loan maintenance transaction in this case.

#### **Can you customize lender addresses?**

No. You cannot customize lender addresses; however, you can customize the lender name in your preferred lender list. Use the profile menu to access the "customize preferred lender" option.

## National Student Loan Data System

### How can you tell which loans were included in a Federal Consolidation Loan on the NSLDS screens?

Start the research to determine the loans included in the consolidation loan by looking at the loans obtained prior to the consolidation loan. Loans included in the consolidation loan should have a "PC" status date close to the guarantee or approval date of the consolidation loan. On occasion, loans will be reported as "PF" instead of "PC." You also can call the original or consolidating lender or the guaranty agency for more information.

### In regard to discrepant information, how quickly is updated information reported to NSLDS?

The MSLP reports information to NSLDS monthly, usually on the fourth Sunday of the month. If a discrepancy is discovered, it may take one to six months for the information to be returned to NSLDS. The timeframe depends on the level of intervention that must be used to populate NSLDS with the correct information. The MSLP opens a ticket with the NSLDS help desk to track progress on the update of difficult accounts.

### If an institution's third party servicer has access to NSLDS, can the school also get access to NSLDS?

Yes.

### How can a school apply for access to NSLDS?

Schools can use the enrollment document for the Student Aid Internet Gateway found in Action Letter #5, GEN-99-34 (October 1999) to apply for access. Action Letter #5 is available online at [www.ifap.ed.gov](http://www.ifap.ed.gov). Schools also can apply for access online at [www.sfawebenroll.ed.gov](http://www.sfawebenroll.ed.gov).

## Return of Title IV Funds

### What criteria are used to determine whether a school is required to take attendance?

A school that is required to take attendance is one that is required to take attendance for all or a portion of its students by an outside entity (e.g., an accrediting agency, a state agency, a licensing board, or a federal agency, such as the Veteran's Administration). If a school is required to take attendance by an outside entity for all or a portion of its students, the school must use the last date of academic attendance, according to the school's attendance records, to establish the withdrawal date for those students.

### Are current cash management rules regarding payment of credit balances applicable to post-withdrawal disbursement scenarios?

Yes. MOSTARS believes that current cash management rules in 34 CFR 668.164(e) for payment of credit balances apply to post-withdrawal disbursements. Post-withdrawal disbursement funds that exceed the amount the school may credit to the student's account to pay for outstanding education-related charges create a credit balance. The school must pay the amount of the remaining post-withdrawal disbursement that the student or parent borrower has accepted no later than 14 days after the date the credit balance occurs.

**Current late disbursement rules in 34 CFR 668.164(g)(3)(ii) require that schools make a late disbursement (delivery) no later than 90 days after the student's last date of at least half-time enrollment. Does this late delivery deadline also apply to post-withdrawal disbursements under the new rules for the return of Title IV funds?**

The 90-day deadline for delivery of post-withdrawal disbursement funds is not measured from the student's withdrawal date. Instead, any post-withdrawal disbursement funds must be credited to the student's account or paid to the student or parent borrower, as applicable, within 90 days of the date of determination that the student withdrew. In the header of the U.S. Department of Education's return of Title IV funds worksheets for both credit hour and clock hour programs, this date is captioned, "Date of the institution's determination that the student withdrew."

### Charles Gallagher Student Financial Assistance Program disbursements that are identified by MOSTARS as federally funded through the Leveraging Educational Assistance Program must be included in the return of Title IV funds calculation for a withdrawn student. Are there any circumstances in which a pending disbursement of a Gallagher award is included in aid that could have been disbursed?

No. There are no provisions for late disbursement of a Gallagher award to a withdrawn student.

### If a loan is certified and processed through e\*CLIPS, but the promissory note is not signed before the student withdraws; and, according to the return of Title IV funds calculation, the borrower has earned more than he or she received, is the borrower eligible for a post-withdrawal disbursement?

Yes. The borrower is eligible for a post-withdrawal disbursement if the borrower signs the promissory note before the lender disburses the funds. The school should notify the lender (or ATOM if it is an ATOM loan) to change the loan amount to the amount of the post-withdrawal disbursement, if necessary.

### If the borrower in the above scenario signs the promissory note to receive the funds, is the school still subject to the requirement that the school allow the borrower 14 days to accept the post-withdrawal disbursement?

The school is allowed to credit the borrower's account with the amount of the post-withdrawal disbursement that equals the borrower's outstanding education-related charges. The school is required to notify the borrower of the remainder of the post-withdrawal disbursement and allow the borrower 14 days to accept or decline the remaining funds.

### If the borrower in the above scenario never signs the promissory note, should the school cancel the loan?

If the promissory note is not signed in time for the school to deliver post-withdrawal disbursement funds to the student's account or to the student or parent borrower directly, as applicable, within 90 days of the date of determination that the student withdrew, the school must cancel the loan.

### If a student at a school that is not required to take attendance only asks about withdrawal procedures, is that considered official notification of the intent to withdraw for the purpose of establishing the withdrawal date?

No. Several criteria must be met for a student to be considered to have provided a school with official notification of the intent to withdraw. While official notification may be provided verbally, if a student only inquires about withdrawal procedures or asks about the consequences of withdrawal, the notification is not considered official. Official notification must be provided to an employee of the office designated by the school for the purpose of reporting withdrawals.

If a student provides official notification of the intent to withdraw by following the school's prescribed withdrawal procedures, the date the student begins the withdrawal process, as defined by the school, is

the withdrawal date. If the date the student turns in a withdrawal processing form constitutes the beginning of the withdrawal process at the school, the date the student submits such a form would be considered the student's withdrawal date.

Subsequent to the Fall Workshops, the U.S. Department of Education provided some additional, private guidance to MOSTARS, as illustrated by the following scenario.

**Scenario:**

A Federal Stafford or Federal PLUS loan is certified during the second of two payment periods in a period of enrollment. The loan is certified retroactively to the beginning of the period of enrollment that includes both payment periods, and the student successfully completes the first payment period. The student withdraws during the SECOND

payment period after loan certification; but, as of the date the school determines that the student withdrew, neither the first nor the second FFEL Program loan disbursement has been delivered. The school is required (or has chosen) to calculate the return of Title IV funds on a payment period basis.

**In the scenario above, how is the first disbursement of the FFEL Program loan treated?**

The initial disbursement of a FFEL (or Direct) Program loan would NOT be a part of the return of title IV funds calculation for a student who withdraws in the second or subsequent payment period where the institution chooses (or is required) to calculate on the basis of a payment period. As long as the student met the conditions for a late disbursement in 34 CFR 668.164, the initial disbursement could be made. ★

## For Your Convenience

An information box indicating subject matter accompanies each article in this newsletter. This box also contains the name of the article's contact person (where applicable) and his or her phone number and e-mail user ID. The user ID is now the firstname.lastname. The formula for e-mail addresses at the Missouri Department of Higher Education is as follows:

USER ID@moebhe.gov

Remember, you also can contact the MOSTARS Information Center at  
(800) 473-6757 or (573) 751-3940.

## MSLP's Top 20 Schools and Lenders

**By Gross Volume, FFY 2000**

### SCHOOLS

1. Saint Louis University
2. Southwest Missouri State University
3. Washington University
4. Southeast Missouri State University
5. Cleveland Chiropractic College
6. Sanford Brown College
7. University of Missouri-Kansas City
8. Missouri Western State College
9. Truman State University
10. Drury University
11. Park University
12. Southwest Baptist University
13. Rockhurst University
14. Lincoln University
15. Central Methodist College
16. Forest Institute of Professional Psychology
17. DeVry Institute of Technology
18. Evangel University
19. Ranken Technical College
20. Avila College

### LENDERS

1. Commerce Bank, N.A.
2. Mercantile/Firststar Bank
3. Bank of America, N.A. (St. Louis)
4. smartFUNDS
5. Great Southern Bank
6. First Federal Bank
7. St. Louis Community Credit Union
8. Bank of America, N.A. (Kansas City)
9. Bank of America, N.A. (UNIPAC)
10. UMB Bank
11. Chase Education Finance Center
12. Union Planters National Bank
13. Educaid, A First Union Company
14. First Bank
15. Blue Ridge Bank and Trust Company
16. Bank of Kirksville
17. EFG Educational Loan Trust
18. Union Bank and Trust
19. Firststar Bank (Lawrence, KS)
20. Educational Employees Credit Union

### FFEL PROGRAM News

CariAnne Cutshall  
(573) 522-2008  
USER ID:  
carianne.cutshall



# Default Collection Tools

**MOSTARS  
News**

Beth Ziehmer  
(573) 751-1774  
USER ID: beth.ziehmer

In addition to MOSTARS' expanding default prevention activities, the Missouri Student Loan Program continues to provide avenues for defaulted borrowers to remedy their defaulted accounts. The following information may supplement the counseling performed by student financial aid administrators by informing borrowers of the tools that can be used to collect on defaulted loans as well as options available to defaulted borrowers.

The MSLP uses programs such as Federal Treasury offset, state tax offset, and administrative wage garnishment to collect on defaulted accounts when the borrower does not make voluntary payments. Borrowers have the option of making consecutive monthly payments to regain eligibility for Federal Title IV student financial assistance or to rehabilitate their loans and remove the default status from their credit reports.

Through Federal Treasury offset, the MSLP can receive all or a portion of most payments made through the Federal Treasury Department, including federal tax refunds. Federal Treasury preoffset notices were mailed recently to defaulted borrowers who meet the Federal Treasury offset criteria. A voluntary payment must have been received by Nov. 20 to prevent the account from being certified permanently for Federal Treasury offset.

State tax preoffset letters also were mailed to defaulted borrowers meeting the state tax offset criteria. These borrowers also must have made a voluntary payment by Nov. 20 to prevent certification for state tax offset for the 2000 tax year.

The MSLP started the administrative wage garnishment process as a pilot program in February 1995. The MSLP now

is able to perform administrative wage garnishments on borrowers in Missouri, Illinois, and Tennessee, and currently has 4,068 borrowers in garnishment status. The MSLP also is developing procedures to perform administrative wage garnishment nationwide. Wage garnishment payments are not considered voluntary payments. Therefore, if a borrower wishes to receive reinstatement of Federal Title IV aid eligibility or to rehabilitate the defaulted loan, the borrower must make voluntary payments in addition to the wage garnishment payments.

The MSLP continues to reward defaulted borrowers who make consecutive monthly payments. After making at least six consecutive, reasonable, and affordable monthly payments, borrowers may write the MSLP to request reinstatement of Federal Title IV aid eligibility. Reinstatement must be requested each academic year.

Between February and August 2000, the Missouri Student Loan Rehabilitation Program helped 483 borrowers remove their loans from default status by making at least 12 consecutive monthly payments. Rehabilitation cycles are completed every other month. After the account is rehabilitated, the MSLP removes the default entry from the borrower's credit bureau report.

The Good News for Defaulted Borrowers brochure is available to further explain the options for defaulted borrowers. If you have any questions about the MSLP's default prevention or collection tools or would like to order a supply of the Good News for Defaulted Borrowers brochure, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. You also can order the brochure online at [www.mocbhe.gov](http://www.mocbhe.gov). ★

**The average of the bond equivalent rates of the 91-day treasury bills auctioned during the quarter ending Sept. 30 is 6.19 percent. The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates for the quarter ending Sept. 30 is 6.72 percent.**

# Eligible Lender List Changes

## Participation Lists

CariAnne Cutshall  
(573) 522-2008  
USER ID:  
carianne.cutshall

To request an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

For more information, refer to the August 1998 issue of FFELPfacts. You can view a sample of the list in the October 1998 issue of the MOSTARS newsletter.

The list also is available on the MOSTARS web site at [www.mocbhe.gov/mostars/Indrlist.pdf](http://www.mocbhe.gov/mostars/Indrlist.pdf). ★

## Added

**Bank One TX NA, Trustee for Brazos, OE 823817-00**  
**FICE Lender Code: 833617-00**  
**FICE Lender Name: Firstar Bank Trustee for EFSI c/o BHESC**  
**Participation Categories: Sub, Sub Pre, Unsub, Unsub Pre, PLUS, PLUS Pre**

Added Oct. 5

**The Chase Manhattan Bank ATF ALL, OE 833751-00**  
**Participation Categories: Sub, Unsub, PLUS**

Added Sept. 26

## Changed

**Bank One Tx Trustee Bosque Higher Ed. Authority, OE 808936-00**  
**Bank One Tx Trustee Brazos Educ. Asst., OE 820734-00**  
**Firstar Bank Trust for Brazos Student Finance Corp., OE 833078-00**  
**Firstar Bank Trust for Pecos Student Finance Corp., OE 833285-00**  
**Firstar Bank, Trustee for Trinity Higher Ed. Authority, OE 833659-00**  
**New FICE Lender Code: 833617-00**

**New FICE Lender Name: Firstar Bank Trustee for EFSI c/o BHESC**  
**Add Sub Pre, Unsub Pre, and PLUS Pre to participation categories**

Changed Oct. 5

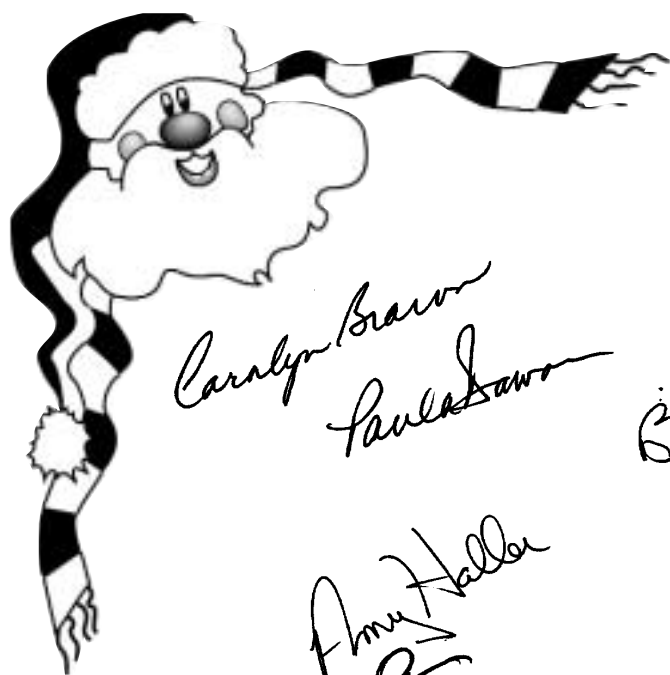
**Chase Bank of Texas Trustee for SELMC c/o AFSA, OE 832919-00 and 833174-00,**

**New Name: The Chase Manhattan Bank ATF ALL c/o AFSA**

Changed Sept. 26

**The Missouri Saving for Tuition Program now offers a 100 percent equity plan. For more information, contact TIAA-CREF at (888) 414-MOST or visit the web site at [www.missourimost.org](http://www.missourimost.org).**

**MO\$T Program deposits through Sept. 18 totaled \$22,442,979 for 7,230 accounts. The average account size was \$3,104.**



Happy holidays from  
**MOSTARS!**

Carolyn Brown

Paula Brown

Billie Middaugh

Amy Haller

Wicky Buschjost

Richard Friesen

Ronda Elliott

Barbara Doye-Allen

Kelli Reed

Cheryl Beck

Bob Zichner

Maween Duncan

Lisa H. Meyer

Natalie Straid

Natalie Habing

Lisa Wilson

Karla Briggs

Dan Peterson

Kayna Reed

Quilene Cutschall

Ruth Christmore

Roy Ann Leane

Marcia Mahoney

John T. Mather

Becky Whitthaus

Karen Gansinger

Janice Tewe

Connie Bestgen

Julie Bange

Pam King



## Application Process, from page 1

and fees, room and board, and book costs will be used to calculate the cost of attendance for the upcoming academic year. Therefore, institutions' actual costs as reported through IPEDS for the 2000-01 academic year will be used for the 2001-02 state program application process. This new process will allow MOSTARS to use more consistent and accurate budget data for all institutions and to begin the application process in January rather than March.

The 2001-02 Advantage Missouri Program application materials and the designated academic program inventories will be mailed to all participating postsecondary institutions in mid-December. This will allow MOSTARS staff to begin approving and notifying students and institutions of 2001-02 awards in January. The Advantage Missouri application process will continue until all anticipated funds have been awarded for the 2001-02 academic year.

The 2001-02 Marguerite Ross Barnett Memorial Scholarship Program application materials are scheduled to be available in January. They will be distributed to participating institutions and potential renewal students. This program continues to be a vital program because it is the only state program available to eligible students who are employed while enrolled in school part time. MOSTARS encourages institutions to identify and contact potentially eligible students.

The 2001-02 application process for the "Bright Flight" Scholarship Program began this month and will continue through the July 31, 2001, application deadline.

If you have questions, contact Rhonda Elliott, student assistance associate, at (573) 526-5716. ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired can call (800) 735-2966.

**Coordinating Board for Higher Education  
3515 Amazonas Drive  
Jefferson City, MO 65109**

**FIRST CLASS**

MOSTARS, a division of the Missouri Department of Higher Education, publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri student financial assistance programs.

Mr. Lynn Ewing, Jr. . . . . CBHE Chair

Dr. Kala M. Stroup. . . . . Commissioner  
of Higher Education

Mr. Dan Peterson. . . MOSTARS Interim Director